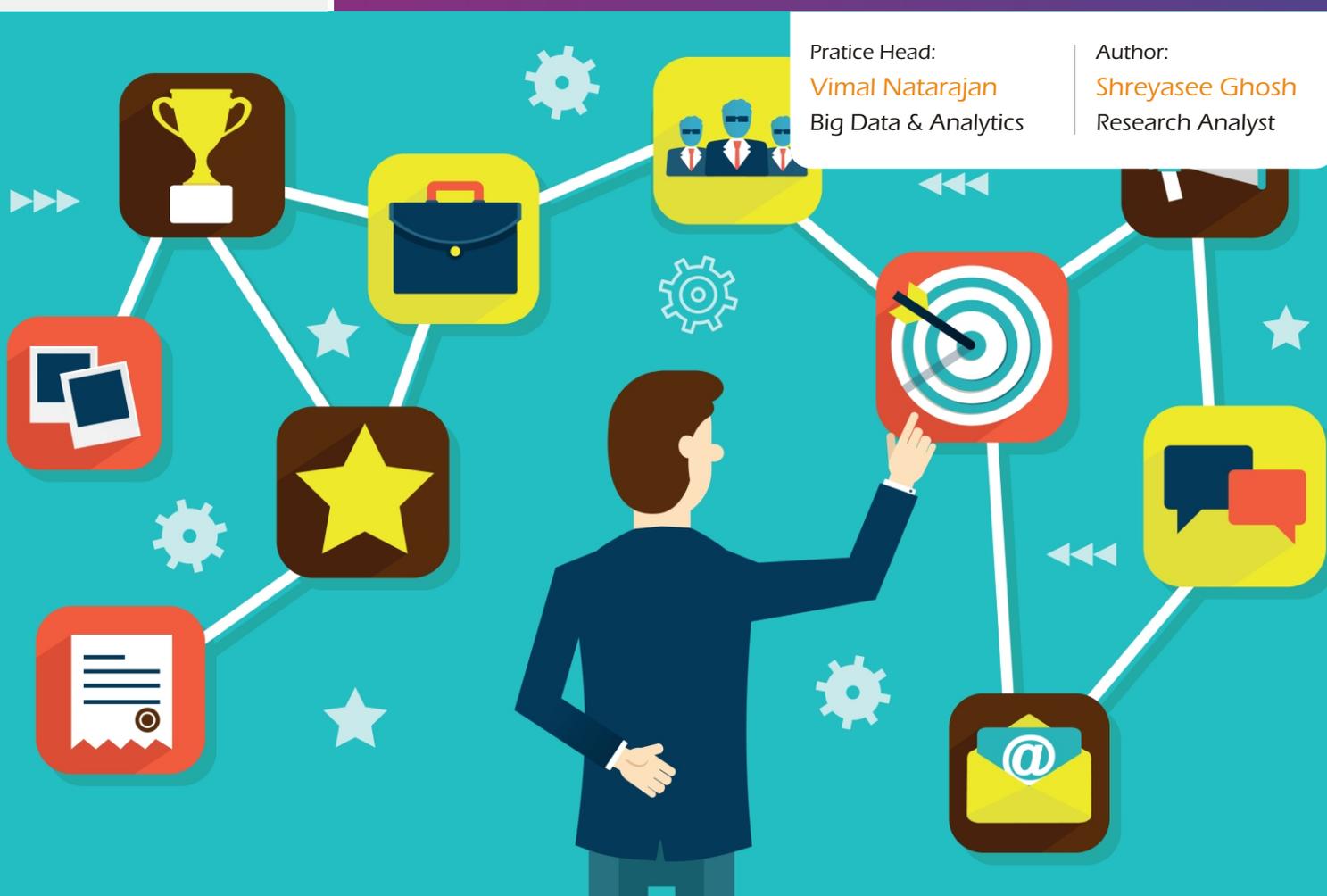# Alleviate Risks and Optimize the Forecasts on Customer Intelligence (BFSI)

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Finance is a risky business. To mitigate the risks and provide greater security has always been the goal of the financial market. With digitization the banking and financial sector will become smarter, so would the frauds, with new innovations will come new challenges. Thankfully technology can be maneuvered to take care of those challenges, existing and new. Though BFSI sector has been a laggard in adopting new technologies, slowly it has started to leverage technology to derive revenue and manage costs in the last few years. With the growing number of information channels and emerging security threats, there's no other way than to rely on technological innovations like big data analytics and internet of things.

ALLEVIATING RISKS IN BFSI SECTOR WITH BIG DATA

According to International Data Corporation, big data and business analytics revenue will reach $187 Billion in 2019. Among the largest spenders are banks with a projected $22.1 billion in spending. This gives us a fair idea about how reliance on technology has been growing in the financial sector. Big data analytics and data science is not new in BFSI sector, using it now insurers are able to identify threats and reduce risks even at the underwriting stage. Banks are able to form better personalized services thanks to the insights gained from advanced analytics. Financial institutions are able to handle credit and debit card frauds with real time geo location and transaction data. It can be safely said that big data analytics has penetrated the BFSI sector and helped it modernize in various ways.

DECREASING RISK APPETITE WITH INSIGHTS INTO CUSTOMER DATA

Banks and financial institutions need deeper insights into their customers' lives, to make sure that they provide the right services at lower risks. It is of utmost importance that falsified information does not get past the radar while they are dealing with a customer, whether long standing or new. Has the customer changed their address and not notified the bank? Have they made false insurance claims in the past? Are they in a stable job? Also, does their lifestyle match what they are asking for? For instance, a person who does not own his own house is asking for a home insurance. Data analytics digs deeper into the claims and information provided not only to bring out patterns from seemingly unrelated data but also to help the service providers to stay one step ahead of their customers' needs. Like if the customer's social profile says he/she got engaged the bank can offer them a personal loan.

Using big data analytics to customer data the BFSI sector can attain reliable forecasts about these areas:

FRAUD FORECAST

Loans, credit cards, online transactions have become lightning fast and hassle free. Forecasting has to be up to date with that speed with effective security in place. Money laundering, identity theft, false claims, credit and debit card frauds are some of the biggest security challenges the banking and financial services sector faces. Hackers and cyber criminals are getter better with technologies and the BFSI industry needs to think ahead of them to protect their interests. Using big data analytics and data science it is possible to analyze and forecast market based fraudulent activities and trends. If in an area credit card theft or misuse increases during a particular time of the year, it is easier to find out by relating accumulated data with analytics. Depending on the data, the card provider can take precaution and alert the customers as well.

Fraud forecast also involves what Gartner terms as continuous behavioral authentication which will help the financial service providers to keep track of changing behavior of customers. This will help forecast imminent threats from customers, if any.

Zions bank is one of the leaders in using big data analytics in fraud detection.

MARKETING FORECAST

Big data analytics doesn't only calculate risks and devise abstract results, modern technology has enabled visualization tools which help decision makers understand scenarios better and take steps accordingly. With such help from data it is easier and more reliable to forecast what kind of marketing will bring in the customers every quarter. Are customers looking for personal loans because it is the holiday season and people are travelling? Or is it the hiring season when corporate offices will open a number of accounts in their banks. Financial firms and banks can ready their marketing strategies way ahead of the need of the market, giving them better opportunities to increase revenues.

INDIVIDUALIZED CUSTOMER FORECAST

With customer data analytics and forecast predicting what every individual customer may need has become possible. Enabling focused marketing it gives financial firms the opportunity to make customers feel recognized rather than generalized, in turn strengthening the brand image. Keeping track of customers' social media activity, life events and investments helps form timely,

individualized offers and packages that they are most likely to opt for. Thanks to connected devices and big data analytics now financial institutions know whether the customer is visiting real estate agents or needs money for kids' education. One click text message or mail can provide them with the right loan, card or insurance.

CONCLUSION

Forecasting using big data analytics also provides insights into cash flows for ATMs, credit limits for banks, liquidity risks and various other aspects. After the 2009 crash of market financial institutions are now relying on advanced data analytics for keeping up with regulatory compliances like Dodd Frank, PCI and PII. With growing number of information channels, financial firms' necessity to keep a tab on both internal and external data has increased. All round information coupled with the right analytics leads to customer service excellence making these institutions friendlier to customers.

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